

1 INTRODUCTION

Municipal organizational performance monitoring, evaluation and reporting is from a governance perspective, a good practice, but in the South African government environment, also a statutory requirement. The purpose of this Annual Performance Report is to record, disclose and account on the results of the assessment of actual service delivery achievements as measured against predetermined objectives for the 2015/16 reporting period.

The Performance Management Framework at Emfuleni Local Municipality integrates organizational and strategic management, service delivery performance measurement and evaluation, and the associated reporting. The performance management function allows the Municipality to track service delivery progress towards achieving the municipal objectives set in the Integrated Development Plan (the "IDP") with its associated Medium Term Revenue and Expenditure Framework ("MTREF").

The 2015/16 Annual Performance Report focuses on service delivery performance information relating to the key deliverables recorded in the 2015/16 IDP and implemented through the 2015/16 Budget with the associated Service Delivery and Budget Implementation Plan (the "SDBIP").

An event that impacted on the measurement, evaluation, and reporting of service delivery performance, is the organizational restructuring that was approved by the Municipal Council under item A3108 on 30 March 2016. The restructuring did not impact on organizational service delivery performance measurement, evaluation, and reporting, but effected evaluation results in certain administrative clusters. In terms of Council Resolution A3108 of 30 March 2016 the following organizational restructuring was approved:

- An additional administrative cluster, known as "Utilities and Special Projects", was created with the following primary functions:
 - The management and operations of water services;
 - The development and implementation of strategic projects; and
 - The establishment and governance of utilities and agencies of in accordance with Utilities and Agencies Service Delivery Model.
- The following functions were reassigned to the Cluster Corporate Services:
 - Fleet Management;
 - Facilities Management; and
 - Information Management and Technology.
- The following functions were reassigned to the Cluster Financial Services:
 - Revenue Management; and

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- Asset Management.
- The existing Cluster Infrastructure Planning and Asset Management was converted into Infrastructure Planning, Development, and Project Management.

Although the organizational restructuring was only implemented from 30 March 2016, the service delivery performance measurement, evaluation, and reporting framework was amended to reflect these changes for the entire 2015/16 reporting period.

2 LEGISLATIVE BACKGROUND

Section 121 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (the “MFMA”) mandates the Municipality to prepare an Annual Report indicative of records of activities of the Municipality during the 2015/16 reporting period. The report must also give an account on performance against the budget of the Municipality, and promote accountability to the local community for the decisions made by the Municipality.

According to the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), *Section 46(1)* of as well as MFMA *Circular 11* on reporting annual performance of the municipality, the compilation of the annual performance report must include an assessment of external providers, a comparison of the performance with targets set for and performance in the previous financial year and measures taken to improve unacceptable performance.

3 PERFORMANCE MANAGEMENT

The Municipality's organizational performance is measured and evaluated by means of a municipal service delivery performance scorecard that is based on the SDBIP. The SDBIP is a plan that translates the IDP and Budget into measurable criteria on how, where and when the strategies, objectives and operational business processes of the Municipality are implemented. It also allocates responsibilities to clusters and departments to deliver municipal services in terms of allocated resources.

Performance Measurement, Evaluation, and Reporting

The municipality has commissioned an automated, electronic performance management system for the purposes of performance measurement, evaluation, and reporting. The basic functioning of the automated electronic system is to compare actual performance achievements with quarterly performance projections; to calculate the deviations of the actual performance against the

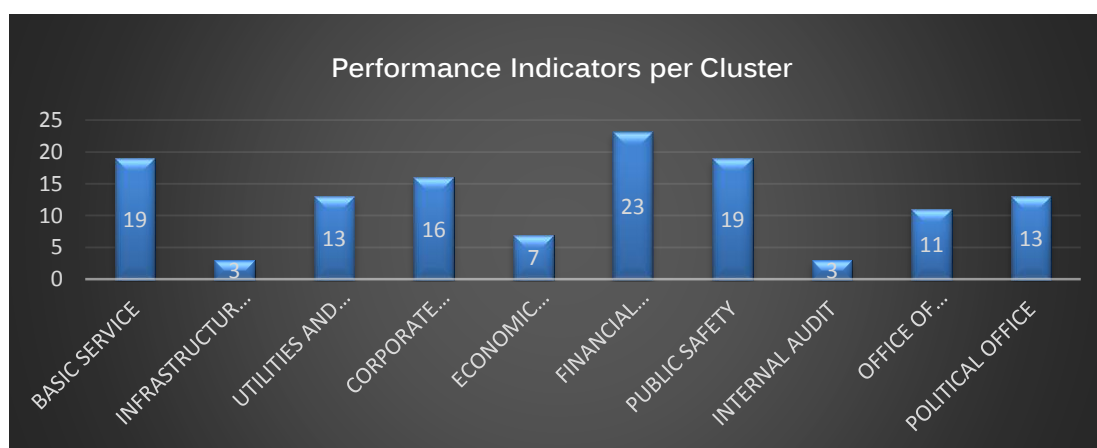
projections; and to calculate performance ratings in relation to the values of the deviations to specific performance indicators.

The system provides management information in the form of graphical representations when the actual achievements are compared against the quarterly projections. These graphical representations are used for performance and trend analyses and to reflect on the progress with meeting predetermined objectives and targets. The system also enables the detection of early warning of poor performance. The system also provides for accounts in the form of explanations for actual achievements, putting these achievements into context; and proposed actions for improvement where performance targets and – projections were not achieved.

4 OVERALL PERFORMANCE OF THE MUNICIPALITY

4.1 *Municipal Performance*

The original 2015/16 SDBIP comprised 124 performance indicators. After the mid-year review the SDBIP remained with 127 performance indicators. The graph (1) below depicts the number of service delivery performance indicators per cluster:



Of the **127** performance measures the municipality has successfully met **68** and did not meet **59**. This performance indicates that the municipality has achieved **54%** of its total performance indicators with the annual averaged performance rating calculated at **2.95**. This score demonstrate a slight increase of performance from the previous financial year result of **2.50**.

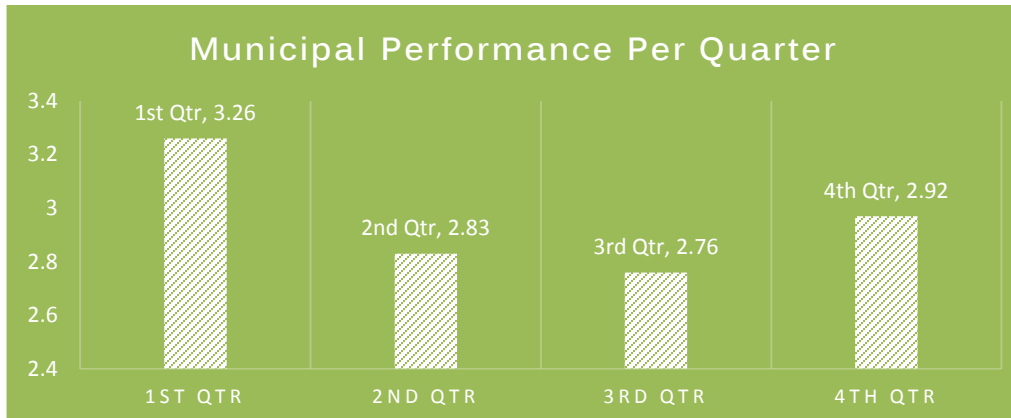
The service delivery performance result of **2.95** after the annual assessment indicates that the municipality performance is at an unacceptable level. However some of the performance targets set by the municipality depicted in the SDBIP are on track; however there are few that are lagging behind

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due to various reasons including limited resources. Appended hereto as Annexure “A” as part of Internal Audit Performance Report.

4.2.1 Comparative Analysis of Organizational Performance (QUARTERS 1-4)

The following graph (2) and (Table (1) represents the averaged performance ratings for four quarters (Quarter 1–4).



Municipal Performance Per Quarter				
Performance	Quarter 1	Quarter 2:	Quarter:3	Quarter: 4
Organizational	3.26	2.83	2.76	2.92

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4.2.2 Comparative Analysis of Performance Function

The table (2) below compares the Cluster Performance of 2015/16

Summary of Averaged Ratings Based on Actual Achievements When Compared With Targets And Projections	Quarter 1 Performance	Quarter 2 Performance	Mid-Year Performance	Quarter 3 Performance	Quarter 4 Performance	Annual Performance
Basic Services	2.25 #	1.23 #	1.74 #	2.90 #	3.13 #	2.68 #
Corporate Services	3.07 #	2.45 #	2.76 #	2.38 #	1.28 #	2.32 #
Economic Development and Planning	3.43 #	3.33 #	3.38 #	3.09 #	2.82 #	3.19 #
Financial Services	2.92 #	2.11 #	2.51 #	3.09 #	2.25 #	2.20 #
Infrastructure Planning Development and Project Management	4.76 #	3.65 #	4.21 #	0.88 #	2.18 #	3.30 #
Internal Audit	5.00 #	4.22 #	4.61 #	3.67 #	4.63 #	4.33 #
Office of the Municipal Manager	2.71 #	1.31 #	2.01 #	2.16 #	2.05 #	2.22 #
Political Offices	3.22 #	3.11 #	3.17 #	3.37 #	3.39 #	3.33 #
Public Safety and Community Development	2.07 #	3.14 #	2.61 #	3.62 #	3.60 #	3.16 #
Utilities and Strategic Projects	2.70 #	2.67 #	2.68 #	2.58 #	3.29 #	2.76 #

4.2.3 Comparative Analysis of Performance Indicators 2014/15 and 2015/16

The table (3) below compares the Organizational Performance of 2014/15 with 2015/16.

Indicator	2014/15	2015/16
Number of performance indicators	124	127
Average annual organizational performance rating	2.50	2.95

Emfuleni Local Municipality has accomplished an average organizational service delivery rating of 2.95 for the 2015/16 reporting period as compared with the rating of 2.50 for the 2014/15 reporting period. This means that the average organization performance level of the Municipality improved with 0.45 points, which translates to an improvement of 18%.

5 ACHIEVEMENT OF INDICATORS FUNCTION/CLUSTER

5.1 Municipal Manager's Cluster

Progress on the Performance Key indicators

- *Developed and implemented a compliant Integrated Development Plan and Service Delivery Budget Implementation Plan;*
- *The Executive Mayor tabled the in-year's a report on the performance of the municipality to Council ;*
- *Functional Intergovernmental Relations*
- *Developed and implemented the communication strategy*
- *Progress has been made to develop the Risk Management Framework, Occupational Health and Safety Committees. However implementation has not been successful.*

5.2 Finance and Revenue

Progress on the Performance Key indicators

- *Budget compiled complies with the Municipal Finance Management Act requirements;*
- *3 Quarterly Financial Statements were compiled and submitted to Council and Provincial Treasury.*

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- *Established and successfully met the monitoring and evaluation of cost containment measures;*
- *Revenue was collected successfully at Vereeniging and Roshnee and partially achieved for areas Vanderbijlpark and townships*
- *Successfully developed and implemented proper inventory management*
- *Implementation of Supply Chain Management Policy and Procurement Plan;*
- *The implementation of supply chain management policy contract and formulation of demand management strategy are some of the performance indicators not realized;*
- *The 2015/16 Annual Financial Statements and all associated reports are only available after 31 August 2016 when the unaudited financial statements are tabled in the Municipal Council. These reports will be uploaded into the performance management system as portfolios of evidence after the tabling thereof in Council. These portfolios of evidence might cause a review of the actual achievements in the Financial Cluster.*

5.3 Basic Services and Utilities and Special Project

Progress on the Performance Key indicators

- *66 650 m storm water channels cleaned, 672 road signs replaced and 318.45 km gravel road maintained. Tarred road, potholes patching, road markings and street name boards' performance targets were not achieved.*
- *Supplied electricity to the municipality licensed areas, 899 high mast light; 644 traffic lights and 7333 streets lights maintained;*
- *An average of 86% of households are serviced with waste removal on site; 13 5159 m3 volume of solid waste from illegal dumping sites. However the landfill compliance, environmental framework and wheelly bins targets were not met.*

5.4 Utilities and Special Project

Progress on the Performance Key indicators

- *The municipality has successfully met the target in providing water and sanitation to its local communities; however the overall maintenance of sewer network lines and pipes were partially realised;*
- *The municipality did not comply with the turn-around time to resolve the reported spillages and blockages. the effluent discharge standard ;*
- *Pressure Reducing Valves successfully investigated and maintained;*
- *Quality of Portable Water and Quality of Vaalhoewer Water Compliance performance target were met;*

- *There is a minute progress on reduction of water losses.*

5.5 Public Safety and Community Development

Progress on the Performance Key indicators

- *18 Library developmental programmes implemented, 14850 environmental inspections conducted at school, mortuaries, restaurant premises, 770 743 people received primary health care, 15 campaigns on HI/AIDS, 16 Day Activism, Integrated Community Outreach programme, child protection programme etc,*
- *Developed and implemented Level 3 of Disaster Management Plan, Complied with turnaround time of 20 minutes to attend fire incidents, 29 social crime prevention campaigns implemented,*
- *Complied with turnaround time for provision of burial space,*
- *The performance indicators such as Library procurement, sports and recreational facilities maintained; sports development programmes implemented, Bylaw, grass cuts including maintenance of parks and green belts were not met.*

5.6 Agriculture Economic Development Planning and Housing

Progress on the Performance Key indicators

- *Established a platform for stakeholder participation for implementation of Local Economic Development strategy, 14 Local economic development and agricultural initiative implemented, Developed and implemented spatial development framework,*
- *Valid lease agreements for municipal land and building, complied with turnaround time to administer the applications for a land under 500m2,*
- *Rental agreement for houses and flats and response to administer the application for a land under above 500m2 performance targets were not successfully met.*

5.7 Infrastructure Planning and Development

Progress on the Performance Key indicators

- *The indicator quantifying the number of job opportunities created under EPWP on capital projects was achieved;*
- *The indicator measuring expenditure on capital grant achieved ;*

- *The portion funded by the municipality was achieved fully.*

5.7 Corporate Services

Progress on the Performance Key indicators

- *jobs evaluated, 3 of 4 change management interventions implemented, 17 employees assistant programmes, 5 Employment Equity Awareness Programme conducted,*
- *100% compliance on vetting the legal documents,*
- *Targets for information technology, review of workplace skills plan, turnaround time to attend to deal with grievances, maintenance of facilities and availability the fleet were not fruitfully met.*

5.8 Internal Audit

Progress on the Performance Key indicators

- *Implemented Annual Risk Audit Plan*
- *Quality Assured 39 reports for service delivery, finance, stock taking etc*

5.9 Political Management Unit

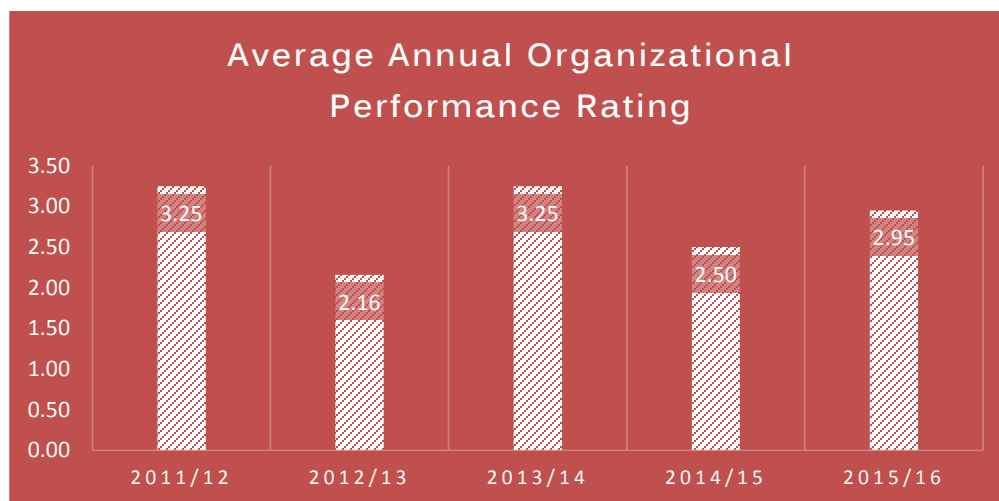
Progress on the Performance Key indicators

The progress report of Political Management Unit can be summarized as follows:

- *The has Municipal Public Accounts Committee successfully approved the Annual Report without reservations;*
- *20 Petitions Committee Meetings were held to resolve community complains;*
- *20 Capacity building workshops were conducted for the Coucillors;*
- *Ward Committee Meetings not fully functional;*
- *10 Council Sittings were held to resolve on matter affecting the municipality*
- *17 Caucus Meetings were held;*

7 COMPARISON OF PERFORMANCE FOR FIVE YEAR (2011/12 – 2015/16)

The graph (3) and table (4) and below compares the Organizational Performance for five years (2011/12 – 2015/16).



Indicator	2011/12	2012/13	2013/14	2014/15	2015/16
Number of performance indicators	83	124	83	124	127
Average annual municipal performance rating	3.25	2.50	3.25	2.50	2.95

For the period 2011/12 to 2015/16 there was a fluctuation in the level of the average service delivery performance between 3.25 and 2.50. The 2011/12 and 2013/14 performance scores show that during those reporting periods the municipality achieved service delivery performance results slightly above the targets that were set. For the remaining three reporting periods (2012/13,

2014/15, and 2015/16) the results returned were somewhat below the predetermined objectives. Overall, throughout the five reporting periods, the municipality came close to achieving the service delivery performance targets.

8 PERFORMANCE OF THE SERVICE PROVIDERS

8.1 Legislative Compliance

A municipal services can be provided by the municipality by entering into Service Delivery Agreements in terms of section 76(b) of the Municipal System Act with external service providers. The municipality is responsible for monitoring and assessing the implementation of these agreements, including the performance of the respective service providers in accordance with section 41 of the Municipal Systems Act.

The performance of service providers that have been selected to provide assistance in the provision of municipal services, otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies, is required, by section 116 of the Municipal Finance Management Act, to be monitored and reported on.

A questionnaire was developed for clusters to evaluate the services of their external service providers. This is done to ensure that a high quality of service is maintained. To detect underperformance early, thereby reducing the risks to service delivery, and provide data to municipal officials so that informed decisions can be made.

8.2 Actual Results of the Assessment of Service Providers

The criteria for assessing service providers include 5 dimensions: (1) Pricing and Billing, (2) Engagement and Consultation, (3) Core Service Provision, (4) Attitude and Behavior and (5) Business Ethics. The performance ratings are categorized into six categories:

Performance Ratings	
FWE	Far worse than expected
WE	Worse than Expected
AE	As expected
BE	Better than Expected
FBE	Far Better than Expected
TF	Total Failure

EVALUATION OF SERVICE PROVIDERS

Service Provider	Service	FWE	WE	AE	BE	FBE	TF
VPN Technologies	Maintenance and Hosting of Website			x			
NETCB	All Novel Products			x			
BCX	Maintenance and support of ELM Software Systems			x			
BRILLIANTEL	Provision and maintenance of telephones		x				
Data Master	Printing Services			x			
Fleet Data Technologies	Provision of fleet management services and Systems			x			
Fleet Matics	Provision of vehicles on regulation 32 Contract			x			
Amasondo Fleet	Provision of Vehicles on a Full maintenance lease			x			
Lateral Unison Insurance Brokers	Insurance Brokerage					x	
SVS(Specialized Violation System)	Provide and maintain red light and speed camera equipment			x			
Mafoko Security Patrols	Rendering a Security Service			x			
Eskom	Electricity			x			
Rand Water	Adhoc Work and Operations of Pump stations			x			

Overall Summary of performance

The objective of performance monitoring of service providers is to obtain a measure of the service provider's performance under the contract and the associated service level agreement. Performance assessments during the course of a contract help both the municipality and the service provider to reach a common understanding of the requirements of both parties about the work.

These evaluations were done in accordance with the terms and conditions contained in the service level agreements of these service providers. Overall level of performance of majority of service providers met the expectations of the municipality. There is however room for improvement as they complement the municipality to improve provision of services to the community. As part of the consequence management, measures were taken to address the poor performance of the service provider that did not meet the expectations. The service providers with pending disputes with the municipality were not evaluated.

6 WAY FORWARD

The performance management objective of Emfuleni Local Municipality is to meet all service delivery targets, which would retain a performance rating of at least 3.00. The service delivery performance rating of 2.95 indicates that the municipality has partially met its total performance indicators.

Some of the major causes for the unacceptable performance results were identified and were largely due to inappropriate planning and limited resources that impacted negatively on service delivery performance. The factors that impede service delivery performance shall be addressed by the Senior Management Team in consultation with the Political Leadership of the municipality.

Consequence Management: Underperformance

The Municipal Manager will initiate the Performance Engagement Meetings with all the Head of Clusters as part implementing consequence management. These meetings are aimed at defining and resolving the problem areas. The Performance Management Framework in line with Performance Management Regulation will also guide the Municipal Manager with appropriate performance action. This will include counseling and provision of necessary guidance and/or support and reasonable time for improvement in performance. The recommendations, resolutions and interventions taken during these meetings will play an integral role during the individual performance assessments.

CERTIFICATE OF QUALITY
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I, Yunus Chamda, in my capacity as the Acting Municipal Manager of Emfuleni Local Municipality hereby certify as follows:

1. That I received the 2015/16 Annual Performance Report on 26 August 2016 at the Audit Steering Committee Meeting of the Senior Management Team;
2. That I duly considered the content of the 2015/16 Annual Performance Report; and
3. That I herewith approve the 2015/16 Annual Performance Report of Emfuleni Local Municipality.

Y CHAMDA
ACTING MUNICIPAL MANAGER
EMFULENI LOCAL MUNICIPALITY